HUD newsletter
U. S. Department of Housing and Urban Development
Washington, D. C. 20410 (202) 755-5280

March 3, 1975 Vol. 6 No. 9

Current Trends

Urban renewal project notes totaling $418 million... representing 137 local issuing agencies... were sold in mid-February at an average interest rate of 3.5696 percent ... compared to 4.0654 percent in the mid-January sale. The average maturity of the notes was 7.5 months.

The Nation's savings banks had a $225 million net deposit inflow in January. According to the National Association of Mutual Savings Bank economist Saul B. Klaman: "This represents a 'clear turnaround' from the $33 million outflow last December." He attributed the rise in deposits principally to declining short-term open-market interest rates, which have fallen to levels "that we can compete with." Some money market rates have fallen below 6 percent... while savings banks pay 5¼ percent on passbook accounts and up to 7½ percent on long-term deposits. January's $225 million deposit inflow compared with a $46 million inflow in January 1974.

***FHLBB* Chairman Thomas R. Bomar announced that, for the first time in many months, interest rates on conventional home mortgage loans closed appear to have stabilized. The average effective interest rate on loans closed for purchasing newly-built homes and on combination construction-purchase loans showed no change from early December to early January. The average rate on mortgages for purchasing previously occupied homes declined by 5 basis points. This relative stability in conventional mortgage rates apparently reflects a delayed impact of a downward rate trend at which lenders were making loan commitments for future lending. This future commitment rate downturn began with a general easing in financial markets last Fall. The national average effective interest rate charged borrowers purchasing newly-built, single-family homes with conventional mortgages closed during the first 5 business days of January was 9.37 percent. This was the same as in early December... but 85 basis points higher than a year earlier.**

Housing credit assistance for guaranteed loans of more than $10 billion to 365,725 veterans is scheduled in the *VA* budget for FY '76... bringing the cumulative total number of home loans guaranteed by *VA* to 9.5 million.

The *Wall Street Journal* reports that leaders of the 17 big construction unions in the *AFL-CIO Building and Construction Trades Department* have called a "crisis conference" in Washington on April 14 to draw up plans for fighting surging unemployment in their trades. The conference... expected to consist of several thousand building-trades representatives ... will "develop a program of action" to deal with construction unemployment, which averages 15 percent nationally and is as high as 65 percent for certain trades in some cities, the unions said. They said delegates also will get advice on unemployment benefits and food stamps and will take their problems "personally and directly" to government officials. In addition... the *Construction Trades Unions* have joined with the *American Institute of Architects* in jointly urging the Federal Government to pump funds immediately into the depressed construction industry. **(See page 2.)**

The ***Commerce Department*** has reported that housing starts rose 13 percent in January from the December 1974 level... to a seasonally-adjusted annual rate of 987,000 units. This was the first increase since last September. The issuance of building permits in January... an indicator of future housing starts... dropped 20 percent below the December rate.

New Secretary Nominated

The President has nominated Carla Anderson Hills, of California, to be Secretary of *HUD*. When confirmed. . . she will succeed James T. Lynn, who has become Director of the ***Office of Management and Budget***.

Since April 1974, Mrs. Hills has been Assistant Attorney General, Civil Division, for the ***Department of Justice***. From 1962 to March 1974, she was a partner with the law firm of ***Munger, Tolles, Hills & Rickershauser*** of Los Angeles. During that time she also was adjunct professor at ***UCLA***. She served as Assistant United States Attorney in Los Angeles from 1959 to 1961.

She was born on January 3, 1934, in Los Angeles. . . and studied at ***Oxford University*** during 1954, received her A.B. degree from ***Stanford University*** in 1955, and her LL.B from ***Yale University Law School*** in 1958. . . and was admitted to the ***California Bar*** in 1959. She is the co-author of *Federal Civil Practice* (1961) and the editor and co-author of *Antitrust Advisor (1971)*.

Mrs. Hills is married and has four children.

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Building Trades and Architects Support Plan to Stimulate Construction

The *American Institute of Architects* and the *AFL-CIO Building and Construction Trades Department* have jointly urged the immediate investment of public funds to stimulate public and private construction in local communities.

"In the near term," the two construction groups said, "this will mean jobs and a boost for the economy of communities everywhere. In the longer term, it will result in permanent improvements to the physical environment, to the direct benefit of all our citizens."

The ***Building Trades Department*** and the Nation's architects supported a 7-point program to revive the economy, which includes:

- Release of public construction funds impounded by the Administration.
- Special emphasis on reviving the country's housing industry.
- Initiation of a broad national public works program.
- Local use of revenue sharing and community development block grant funds for local construction projects.
- Revision of Federal monetary policies to increase availability of construction mortgage money.
- Creation of tax incentives to encourage energy conservation design in buildings.
- Similar incentives for renovating and adapting buildings for other uses to save energy and resources.

Building Trades president Robert A. Georgine and ***AIA*** president William Marshall, Jr., ***FAIA***, agreed to a broad combined effort between the two groups at the national and local level to implement the plan, which was finalized at the meeting of the labor executive council last month.

Officials of the building trades and the ***AIA*** have been meeting periodically on matters of mutual concern since 1972.

FYI

Conference of Minority Public Administrators (an affiliate of the ***American Society for Public Administration)***. . . Annual Conference. . . Theme: *Urban Governance–Minority Perspectives*. . . Washington, D.C., March 9-11. **Details: *COMPA*, 1225 Connecticut Ave., N.W., Suite 300, Washington, D.C. 20036. (202/785-3255)**

American Subcontractors Association. . . National Convention. . . San Francisco, March 19-24. **Details: *ASA*, 815 15th St., N.W., Suite 902, Washington, D.C. 20005.**

George Washington University. . . Workshop in Counseling Minorities. . . Washington, D.C., July 28-August 1. Deadline for registering: March 31 if campus accommodations are required; May 1 if no accommodations are required. **Registration: *School of Education, GWU*, Washington, D.C. 20052 (202/676-6160)**

American Society for Public Administration. . . Annual Convention. . . Chicago, April 1-4. **Details: *ASPA*, 1225 Connecticut Ave., N.W., Suite 300, Washington, D.C. (202/785-3255)**

National Savings and Loan League. . . Executives Washington Seminar. . . Washington, D.C., April 6-9. **Details: *NSLL*, 1101 Fifteenth St., N.W., Suite 400, Washington, D.C. 20005 (202/331-0270)**

American Society of Planning Officials. . . Annual Conference. . . Vancouver, B.C. April 12-17. **Details: *ASPO*, 1313 E. 60th St., Chicago, Illinois 60637 (312/324-3400)**

National Savings and Loan League. . . XIII Inter-American Savings and Loan Conference . . . Buenos Aires, April 13-17. **Information: James Stang, Staff Vice President, Membership and Conventions, *NSLL*, 1101 Fifteenth St., N.W., Washington, D.C.**

International Union of Local Authorities. . . World Congress. . . Teheran, Iran, April 15-19. **Details: *IULA*, 45 Wassenaarseweg, The Hague, Netherlands.**

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Fair Housing Month Scheduled

April will be *Fair Housing Month*. . . **marking the 7th anniversary of the passage of the** *Fair Housing Act*. A number of programs are being planned for the *Month*. . . including a *National Fair Housing Conference*. . . sponsored by ***HUD***. . . in Washington on April 28-30. Further details will be announced at a later date.

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Realtors Warranty Program Being Developed

Development of a warranty program on existing homes was termed a "high priority concern" by Art S. Leitch, president of the *National Association of Realtors*, during his inaugural address to nearly 1,300 Realtors attending the *Association's* annual Mid-Winter Meeting. Leitch noted that the ***National Association***, through its State Associations and nearly 1,700 local boards nationally, would respond to consumer interest in this area and have a program this year. He added that 26 proposals for warranty have been submitted to the ***National Association*** and reviewed by its *Warranty Study Committee*. The *Committee* now has reduced the number to four proposals.

Mr. Leitch emphasized that the ***Association*** intends to provide the leadership in this area. . . rather than have Federal regulatory agencies step into the picture. Importance of the program is seen in the fact that three existing homes are sold for each new home. . . or about 3 million annually.

A detailed program will be submitted to the ***Association*** for final approval at its May meeting.

FHLBB Issues Variable Rate Rules

The *FHLBB* has proposed new regulations to permit savings and loan associations to offer variable interest rate mortgages.

Under the proposal. . . the interest rate charged on mortgages issued under the variable rate plan would be tied to an index approved by the ***Board***.

The mortgage interest rate could not increase more than a half percentage point in each 6-month period. . . and the mortgage holder would have to be given 45 days' notice before such an increase could be put into effect.

The maximum increase over the life of the mortgage would be 2.5 percent above the initial contract interest rate, and the interest rate would have to be lowered whenever the index to which it was tied went down.

However, increases tied to the index would not be mandatory. The index would probably be tied to rates on ***Treasury*** securities and new corporate bonds. ***FHLBB*** Chairman Bomar said the purpose of the regulation was to help bring a degree of stability to the home-mortgage markets.

At present, whenever interest rates generally move up, depositors withdraw their funds from savings and loan associations, which are regulated in what they can pay in interest on savings accounts and time deposits.

This has resulted in unavailability of mortgage funds for new lending.

The ***Board*** has given the public 90 days in which to submit comments on the proposal. . . which was published in the *Federal Register* of February 14 (12 CFR Parts 541,545 /No. 75-118/).

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